YING LI INTERNATIONAL REAL ESTATE LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration No. 199106356W)

RESPONSES TO QUERIES REGARDING THE ANNOUNCEMENT OF THE FINANCIAL STATEMENTS FOR THE FULL YEAR ENDED 31 DECEMBER 2023

The Board of Directors (the "**Board**") of Ying Li International Real Estate Limited (the "**Company**" and together with its subsidiaries, the "**Group**") refers to the queries raised by the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") on 5 March 2024 regarding the Company's announcement of its financial statements for the full year ended 31 December 2023 ("**FY2023**") and the Company's responses are as follows:

Query 1

"We note that the Company reported a negative working capital of RMB 955.53 million as at 31 December 2023. Please elaborate on the Company's plans to repay the short term obligations as and when they fall due."

Company's response to Query 1

The negative working capital of RMB 955.53 million is mainly attributed to reclassification of long-term borrowings of RMB1,055.4 million to short-term borrowings due to maturity within one year. The Group is in the process of extending the maturity term of the borrowings, exploring alternative sources of financing and seeking support from the controlling shareholder. In addition, the Group will be proactively reshuffling or disposing low yielding properties to reduce gearing and improve liquidity position. In relation to the operating activities, the Group has been able to generate positive cash flows, therefore the Group would have sufficient cash flows to meet its operating obligations.

Query 2

"We note that the Company reported a reversal of provision on legal cases and penalties amounting to RMB 46.69 million for the 6 months ended 31 December 2023. Please provide further details on the legal cases and penalty, and the basis for arriving at the reversal value of RMB 46.69 million."

Company's response to Query 2

The net reversal of provision on legal cases and penalties amounting to RMB 46.69 million for the 6 months ended 31 December 2023 comprises: -

(a) the reversal of provision amounting to RMB 67.77 million provided in prior years in relation to the guarantee provided by the Group to a non-related party as a result of the discharge of the Group's guarantee obligation based on a debt settlement agreement entered by the non-related party and their creditors;

less

(b) the additional provision for potential penalties payable to local authorities amounting to RMB 21.08 million in relation to a development project of the Group as the subsidiary did not complete the development within the stipulated period.

Query 3

"We note that the Company recognised a fair value gain of RMB 278.8 million in FY2023 (FY2022: fair value loss of RMB 4.93 million) mainly due to increase in fair value of one of the investment properties. Please disclose the details of such investment property, including its name, location and the occupancy rates for both FY2022 and FY2023."

Company's response to Query 3

The fair value gain was attributed from one of the Group's investment properties, i.e. Future International, which is located at No.6 Guanyinqiao, Pedestrian Street, Jiangbei District, Chongqing, the People's Republic of China ("**PRC**"). The average occupancy rates for Future International rents as at 31 December 2022 and 31 December 2023 were 99.54% and 99.65% respectively.

Future International is located at the heart of the Chongqing's Guanyinqiao central business district ("**CBD**"), the busiest shopping and entertainment district in Chongqing. Guanyinqiao CBD is famed for its pedestrian street, one of the top ten pedestrian streets in PRC. The fair value of Future International as at 31 December 2023 was based on market prices and rents of the comparable properties within the area identified by the valuer which have increased with gradual recovery from COVID-19.

Query 4

"We note that the Company recorded a fair value loss of RMB 210 million (FY2022: RMB 411.79 million) on its unquoted investment in Shanghai Zhaoli Investment Centre (LLP) which in turn owns the project companies holding the Beijing Tongzhou Project. Please elaborate on the reasons for recognising the consecutive and significant fair value losses."

Company's response to Query 4

The fair value losses are mainly due to tough policies maintained by local authorities in the property sector, prolonging the property development and sales period, leading to reduction of forecasted margin of the project due to significant fixed costs, e.g. finance costs, to be incurred on yearly basis. Consequently, this led to significant decrease in the fair value of the financial asset, at fair value through profit or loss.

By Order of the Board
Ying Li International Real Estate Limited

Chia Seng Hee, Jack
Lead Independent Director
7 March 2024